

HOUSE BILL NO. 8

INTRODUCED BY WITT

BY REQUEST OF THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION AND THE  
OFFICE OF BUDGET AND PROGRAM PLANNING

A BILL FOR AN ACT ENTITLED: "AN ACT APPROVING RENEWABLE RESOURCE PROJECTS AND  
AUTHORIZING LOANS; REAUTHORIZING RENEWABLE RESOURCE PROJECTS AUTHORIZED BY THE  
57TH LEGISLATURE; APPROPRIATING MONEY TO THE DEPARTMENT OF NATURAL RESOURCES AND  
CONSERVATION FOR LOANS UNDER THE RENEWABLE RESOURCE GRANT AND LOAN PROGRAM;  
AUTHORIZING THE ISSUANCE OF COAL SEVERANCE TAX BONDS; AUTHORIZING THE CREATION OF  
A STATE DEBT AND APPROPRIATING COAL SEVERANCE TAXES FOR DEBT SERVICE; PLACING  
CERTAIN CONDITIONS UPON LOANS; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**NEW SECTION. Section 1. Approval of renewable resource projects and authorization to provide loans.** (1) The legislature finds that the renewable resource projects listed in this section meet the provisions of 17-5-702. The department of natural resources and conservation is authorized to make loans to the political subdivisions of state government and local governments listed below in amounts not to exceed the loan amounts listed for each project from the proceeds of the bonds authorized in [section 3].

(2) GROUP A: The interest rate for the projects in this group is 4.5% or the rate at which the state bonds are sold, whichever is lower, for up to 20 years.

Loan	Amount
BUFFALO RAPIDS IRRIGATION DISTRICT	
Refit of Glendive Pumping Plant	\$1,315,000
MILL CREEK IRRIGATION DISTRICT	
Mill Lake Dam Rehabilitation	572,000
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION	
North Fork of the Smith River	
Dam Rehabilitation	557,000

1 HILL COUNTY

2 Beaver Creek Dam Outlet Works Repair 500,000

3

4 **NEW SECTION. Section 2. Projects not completing requirements -- projects reauthorized.** (1) The  
 5 legislature finds that the following renewable resource projects that were approved by the 57th legislature in  
 6 Chapter 266, Laws of 2001, may not complete the requirements necessary to obtain the loan funds prior to June  
 7 30, 2003. The projects described in this section are reauthorized. The department of natural resources and  
 8 conservation is authorized to make loans to the political subdivisions of state government and local governments  
 9 listed below in amounts not to exceed the loan amounts listed for each project from the proceeds of the bonds  
 10 authorized in [section 3].

11 (2) GROUP A: The interest rate for the projects in this group may be 2% below the long-term bond rate  
 12 at which the state bonds are sold for the first 5 years of an anticipated 20-year term and must be at the rate at  
 13 which the state bonds are sold for the remaining 15 years.

14 Loan Amount

15 HILL COUNTY WATER DISTRICT

16 ~~Water Treatment Plant \$400,000~~

17 LOCKWOOD WATER AND SEWER DISTRICT

18 Wastewater Collection and Treatment Works 3,300,000

19 (3) GROUP B: The interest rate for the project in this group is 2.25% or the rate at which the state  
 20 bonds are sold, whichever is lower, for up to 20 years.

21 Loan Amount

22 DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

23 Nevada Creek Dam Rehabilitation \$494,041

24 (4) GROUP C: The interest rate for the projects in this group will be 4.5% on the first \$250,000, 2.25%  
 25 on the next increment of the loan up to \$500,000, and 0% on the amount of the loan over \$500,000. The  
 26 department of natural resources and conservation will then determine an average rate for the full term of the  
 27 loan, which may be up to 20 years.

28 Loan Amount

29 LOWER WILLOW CREEK DRAINAGE DISTRICT

30 Lower Willow Creek Dam Rehabilitation \$1,350,000



1 MALTA IRRIGATION DISTRICT

2 Repair and Modification of Dodson

3 Diversion Dam 2,274,950

4 (5) GROUP D: The interest rate for the project in this group is 4.5% or the rate at which the state bonds  
5 are sold, whichever is lower, for up to 20 years.

6 Loan Amount

7 CANYON CREEK IRRIGATION DISTRICT

8 Canyon Lake Dam and Wyant Lake Dam

9 Restoration Project \$300,000

10

11 NEW SECTION. Section 3. Coal severance tax bonds authorized. (1) The legislature finds that Title

12 17, chapter 5, part 7, provides for the issuance of coal severance tax bonds for financing specific approved  
13 renewable resource projects as part of the state renewable resource grant and loan program. Available funds  
14 from previous sales of coal severance tax bonds, plus any additional principal amount on bonds as may be  
15 necessary, pursuant to the conditions in 85-1-605, to fund emergency loans, as authorized and approved in  
16 accordance with 85-1-605(4), may also be used for the projects approved in [sections 1 through 7]. The board  
17 of examiners is authorized to issue coal severance tax bonds in an amount not to exceed ~~\$12,169,290~~  
18 \$11,729,290, of which ~~\$11,062,991~~ \$10,662,991 is to be used to finance the projects approved in [sections 1  
19 and 2] and up to ~~\$1,106,299~~ \$1,066,299 is to be used to establish a reserve for the bonds. Proceeds of the  
20 bonds are appropriated to the department of natural resources and conservation for financing the projects  
21 identified in [sections 1 and 2] and may be used as authorized in 85-1-605(4). Loans made under 85-1-605(4)  
22 must bear interest at the rate borne by the state bonds unless the legislature in a subsequent session provides  
23 for a lower interest rate, in which case the rate must be reduced to the rate specified by the legislature.

24 (2) In connection with the issuance of coal severance tax bonds, the board of examiners may pay the  
25 principal and interest on the bonds when due from the debt service account and in all other respects manage  
26 and use the funds within each special bond account for the benefit of the bonds. The board of examiners shall  
27 exercise its discretion to enhance the marketability of the bonds and to secure the most advantageous financial  
28 arrangements for the state.

29 (3) Earnings on bond proceeds prior to the completion of any loan must be allocated to the debt service  
30 account to pay the debt service on the bonds during this period. Earnings in excess of debt service, if any, must

1 be allocated to the renewable resource grant and loan state special revenue account.

2 (4) Loan repayments from loans financed with coal severance tax bonds are pledged, dedicated, and  
3 appropriated to the debt service account in the state treasury for the benefit of bonds approved for loans under  
4 this section.

5

6 **NEW SECTION. Section 4. Condition of loans.** (1) Disbursement of funds under [sections 1 through  
7 7] for loans is subject to the following conditions that must be met by project sponsors:

8 (a) approval of a scope of work and budget for the project by the department of natural resources and  
9 conservation. Reductions in a scope of work or budget may not affect priority activities or improvements.

10 (b) documented commitment of other funds required for project completion;

11 (c) satisfactory completion of conditions described in the recommendations section of the project  
12 narrative in the renewable resource grant and loan program project evaluations and recommendations report  
13 for the biennium;

14 (d) execution of a loan agreement with the department; and

15 (e) accomplishment of other specific requirements considered necessary by the department to  
16 accomplish the purpose of the loan as evidenced from the application to the department or from the proposal  
17 to the legislature.

18 (2) Each sponsor authorized for a loan from coal severance tax bond proceeds may be required to pay  
19 to the department a pro rata share of the bond issuance costs and the administrative costs incurred by the  
20 department to complete the loan transaction.

21

22 **NEW SECTION. Section 5. Private and discount purchase of loans.** Loans to political subdivisions  
23 and local government entities and bonds, warrants, and notes issued in evidence of the loans may be made,  
24 purchased by, and sold to the department of natural resources and conservation at a discount and at a private  
25 negotiated sale, notwithstanding the provisions of any other law applicable to political subdivisions or local  
26 government entities.

27

28 **NEW SECTION. Section 6. Appropriation established.** For any entity of state government that  
29 receives a loan under [sections 1 through 7], an appropriation is established for the amount of the loan upon  
30 award of the loan by the department of natural resources and conservation.

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2           NEW SECTION. **Section 7. Creation of state debt -- appropriation of coal severance tax --**  
3 **bonding provisions.** (1) Because [section 3] authorizes the creation of a state debt, a vote of two-thirds of the  
4 members of each house is required for enactment of [section 3].

5           (2) The legislature, through the enactment of [sections 1 through 7] by a vote of three-fourths of the  
6 members of each house of the legislature, as required by Article IX, section 5, of the Montana constitution,  
7 pledges, dedicates, and appropriates from the coal severance tax bond fund all money necessary for the  
8 payment of principal and interest not otherwise provided for on the coal severance tax bonds authorized by  
9 [section 3] to be issued pursuant to Title 17, chapter 5, part 7, and pursuant to the provisions of [sections 1  
10 through 7] and the general resolution for this bond program that has been adopted by the board of examiners  
11 under the authority provided in Title 17, chapter 5, part 7.

12

13           NEW SECTION. **Section 8. Severability.** If a part of [this act] is invalid, all valid parts that are  
14 severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications,  
15 the part remains in effect in all valid applications that are severable from the invalid applications.

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17           NEW SECTION. **Section 9. Effective date.** [This act] is effective July 1, 2003.

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